

**EXECUTIVE APPROVAL FORM****CUSTOMER NAME: The Neiman Marcus Group, Inc.****SECTION I - Approval Requests:****HQAPP Requests:**

1. Request overall **78%** effective discount eBusiness Suite (2002) (total employees 16,000)
  - a. **85%** for new **Restricted use** licenses – Professional (1000) and Employee (8752) Users .  
Restricted to use of the following apps: (Financials, Purchasing, iProc, iSupp, OM, HR, HR SS, Adv. Benefits, OTA, HR Intelligence, Internet Exp., and Incentive Comp). Not included in the restricted definition but desired by customer are: Bus Intel – Financials, Purchasing and SCP; WMS, OFA and all call center products
  - b. **66%** discount for **Full Use on migrated ebusiness suite licenses** (professional (600) and Employee (1500) users).
2. Pricehold for 3 years on ebusiness suite (2002) (Professional & Employee) restricted use @ 75%, and Full use @ 66%.
3. Price Hold for upgrade fee for eBusiness suite to remove restricted use on Professional Users = \$720/user.
4. Price Hold for upgrade fee for eBusiness suite to remove restricted use on Employee Users = \$72/user. Effective discount after uplift fee would equal 66% on both Professional and Employee Users.
5. Additional price Holds @ 70% requested for eBusiness Suite options for three years: (Payroll, iRecruiting, Tutor and ilearning), as well as...
6. 2 year Price Hold at 64% for all technology products excluding Collaboration Suite.
7. Pricehold for 90 Days on Payroll, iRecruiting, Tutor and iLearning @ 74%, and
8. 90 Day Price Hold on all technology products excluding Collaboration Suite @ 68%. (These products are under evaluation today and we are trying to incent a Q1 deal in FY 04) without having to renegotiate or create ill-will.)
9. Support Cap at 0% for 5 years (Flatline). (consistent term with last deal done with Neimans for financials).
10. Due to high discounts, show only net fees.
11. Language Modifications (3 yr term OLSA):
  - a. Customer Definition – standard majority owned subs language with exhibit.
  - b. In the second paragraph of the "Ownership & Restriction" section, in the fourth bullet point, add the following language immediately after the parenthetical: ",except as otherwise specifically provided in this agreement or in an ordering document referencing this agreement."
  - c. In the first sentence of the third paragraph of the "Warranties, Disclaimers and Exclusive Remedies" section, insert the following parenthetical immediately after the words "PAID TO ORACLE": "(BY YOU DIRECTLY OR BY YOU INDIRECTLY THROUGH AN OFD AGREEMENT)".
  - d. In the first bullet point of the first paragraph of the "Indemnification" section, add the following parenthetical after the word "law": "(provided, however, that your failure to notify us within such thirty (30) day period shall not relieve us of our indemnification obligations hereunder so long as such failure to notify us has not materially prejudiced our ability to defend a claim or action)".
  - e. Add the following parenthetical to the end of the first sentence of the second paragraph of the "Indemnification" section: "(or which have been paid indirectly by you through an OFD agreement)."
  - f. Add the following parenthetical to the end of the second sentence of the second paragraph of the "Indemnification" section: "(such updated, current version having been received by you at no additional cost in connection with your payment for continued receipt of update Subscription Service)."

- g. Delete the second sentence of the "Limitation of Liability" paragraph and replace it with the following: "EXCEPT WITH REGARD TO YOUR BREACH OF ORACLE'S INTELLECTUAL PROPERTY RIGHTS OR WITH REGARD TO YOUR BREACH OF THE PAYMENT TERMS HEREIN, EITHER PARTY'S MAXIMUM LIABILITY FOR ANY DAMAGES UNDER THIS AGREEMENT AND YOUR ORDER, WHETHER IN CONTRACT OR TORT, SHALL BE LIMITED TO THE FEES PAID ORACLE (BY YOU DIRECTLY OR BY YOU INDIRECTLY THROUGH AN OFD AGREEMENT) FOR THE RELEVANT PROGRAM, TECHNICAL SUPPORT OR OTHER SERVICE UNDER THIS AGREEMENT AS SPECIFIED IN YOUR ORDER."
- h. Delete the first paragraph of the "General" section and replace it with the following: "This agreement is governed by the substantive and procedural laws of the State of California".

**Tier 1 Requests****Tier 2/3 Requests**

1. 3 year term on OLSA

**SECTION II – Deal Summary:**

Deal Summaries	
Programs	EB Suite
License Discount	78% Blended (ebiz + 53)
Support Discount	78% Blended (ebiz + 53)
Comp & Admin Discount	N/A
Phased Implementation for Comp & Admin?	N/A
Support Options/Holds	5 years flat
Price Holds	3 years for products acquired at stated discounts 2 years on technology 90 days on Suite and Technology to incent Q1 deal
List License	\$7,560,000
List Support	\$2,524,940
List Comp & Admin	NA
Net License	\$1,326,309 (deal includes \$1,414,155 in migration credit plus 1 x ebus license upgrade and support fee of \$131,829).
Net Support	\$544,364 (includes \$281,578 in support fees for migrated licenses and \$262,786 in net new licenses).
Net Comp & Admin	NA
Net Total Price	\$1,589,095
Price List Used	EBS 2002 last published

Customer History - Existing Price Holds	
Existing contractual discount (price hold)	Yes
Date of Price List for price hold	04/02
When does price hold expire?	04/04
Price hold program categories (database, server, erp, crm, hr/payroll, app suite)	Database, technology, 9iAS, Financials, HR/payroll, Tutor, CRM
Name of Agreement if applicable	OLSA 021401-219883- April 2002

**SECTION III - Justification:**

1. **Competition** – Just received nod over Peoplesoft in a split camp. CIO wants to get them committed now as a portion of this purchase is for the H/R project. (slated for a June/July start) Peoplesoft continues to drop price and is firing FUD from inside. More time, more FUD. Also the lower the Peoplesoft undercutting will take us.
2. **Model is critical** – Proposed Old E-biz model in February, it has been socialized up to the NMG CEO. We must use the old model(plus the restrictions) vs the new model. Customer sees large value in the combination of the Old Model and the set upgrade fee over the new model.
3. **Timing is Paramount** – Customer is in full belief the Old model expires with May. Creates a compelling event. New model will be there in June. Again, get this deal on the books, squash the Peoplesoft threat, lock in additional H/R revenue in Q1.
4. **Retail Customer Challenges** – The requested model(w/restricted use) fits in their retail challenges. (Users distributed with variations of light use and professional use. Also looks through “retail” glasses on pricing. They are just cheap.
5. **Account dominance** - Oracle goes from no Oracle products to account dominance in 2.5 years.
6. **Local Industry Momentum** – This win will be a big push for another heated Dallas battle with Peoplesoft at Oracle Fin/apps customer Zales(Q1). They have several relationships(NMG/Zales). It will also build on our Michael's H/R win (Peoplesoft Fin/apps customer) of last year. Crushing them.
7. **Good Customer/Notable Customer** – Spent over 10M with Oracle in the last few years and NMG is recognized as a leader in the high end Retail industry. .
8. Customer is planning for growth in the future and would like to avoid cost escalation. We would also like to leverage uplift fees for additional revenue as we continue to motivate customer to deploy additional apps within the suite. (see 1<sup>st</sup> para of #1 above for apps desired).
9. By the end of July, customer will have final funding approved for full HR/Payroll project. We would like additional 4% discount on optional products to incent them to buy additional modules in Q1.
10. Customer would like support to stay flat as was previously negotiated in '02 agreement
11. Customer would like same language modifications that were approved in previous 2002 agreement.

**Recommendation:** *(leave blank for HQAPP to fill out)*

**Submitted By:** Richard Bedford, ASM; Roger Turnham, RM; Matt Mills, GVP

R: *(leave blank for HQAPP to fill out)*

C:

L:

A:

BP: